

OFFICE OF FINANCIAL MANAGEMENT REVOLVING FUND WORK GROUP April 19, 2006

Agency: Office of the Attorney General

Services Provided:

The Office of the Attorney General (AGO) provides legal advice to state agencies (clients) and represents them in legal proceedings.

Calculations and Methodologies:

The AGO goes through two steps to determine client agency billing rates. First, the AGO Budget Office completes an historical review of the actual use of AGO legal services by each client agency and estimates (in conjunction with the appropriate AGO division chief) the level of anticipated legal services for the biennium in question. Once the use level is estimated, the amount is increased to allow for AGO increases in salaries, benefits, rent and other support costs (including overhead) anticipated for the biennium. The AGO budgets for every division that serves client(s) are then aligned to the amount of funding for legal services presumed to be available in the client agency budgets.

Amount billed to agencies:

AGO legal services bills to clients are calculated by multiplying the FTE usage for that month times the billing rate for that AGO division/location. FTE utilization is calculated by the AGO timekeeping system. Time records are kept for attorneys, paralegals and investigators. The time charged to each client agency by the various AGO billable staff are converted to a percentage of a monthly FTE. This approach fosters consistency and predictability in client bills and more accurately represents true costs to the AGO. For example, if an attorney works more than 40 hours per week and billed on an hourly basis, the AGO would recover more than the true cost of the attorney since overtime is not paid.

A rate is set for each division/location that represents the true cost of the staff and all expenses required to operate that division/location. In addition, the attorney rate (not the paralegal or investigator rates) includes an allowance for non-billable support staff and administrative overhead. The division/location rates are tied to the client agency allocations approved in the budget process.

The rates are designed to only cover the costs included in the AGO biennial budget. Each quarter the AGO Budget Office reviews revenues billed to clients in relation to AGO division/location expenditures. If the expenditures and revenues are not in line, adjustments to the rates may be appropriate.

In addition to billing for FTE usage, the AGO bills some client agencies for litigation costs associated with a specific case. Direct costs include, but are not limited to, outside counsel, expert witnesses, document production and court costs such as filing fees and court reporters. Some clients prefer to pay these costs directly and not be billed for them by the AGO.

Communication to agencies:

The AGO legal services divisions staff and Budget Office staff meet with client agencies to discuss bills and provide additional information regarding bills as requested.